GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1495
ANSWERED ON:27.11.2007
DECLINING IN INDUSTRIAL GROWTH
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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the industrial growth rate has shown a decline during each of the last three years, as reported in Times of India dated November 14, 2007;

(b) if so, the details and the reasons therefor, sector-wise;

(c) whether a survey has been conducted by the Confederation of Indian Industry (CII) which showed a dip in production in the manufacturing sector as reported in the Times of India dated November 12, 2007;

(d) if so, the reasons for the slow down in manufacturing sector;

(e) the extent to which the rising cost of credit and appreciation of rupee against the dollar is responsible for this; and

(f) the steps taken by the Government to achieve a higher industrial growth rate in the manufacturing sector?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI ASHWANI KUMAR)

(a) to (e) : The Times of India report dated November 14, 2007 refers to performance of infrastructure industries, and the CII survey reports performance of the manufacturing sector. The industrial growth rate for the last three years measured in terms of Index of Industrial Production (IIP), comprising of infrastructure industries and manufacturing sector is given below:

Sector	2004-05	2005-06	2006-07	2007-08 (April - September)
Overall Industry	8.4	8.2	11.6	9.2
Mining	4.4	1.0	5.4	5.3
Manufacturing	9.2	9.1	12.5	9.7
Electricity	5.2	5.2	7.2	7.7
Infrastructure Industries	5.8	6.1	8.8	6.6

According to the CII-ASCON survey, out of 91 manufacturing sectors, 74 sectors recorded moderate to excellent growth and 17 sectors recorded negative growth.

Performance of individual industries in a market driven economy depends on a number of factors, such as demand and supply conditions, relative prices of inputs, competition, exchange rate movements and the macroeconomic factors. Besides, demand conditions in major importing countries and trade environment also impact performance of industries in which exports constitute a significant proportion of production.

(f): Government has put in place various policies to promote broad based industrial growth. This includes, inter-alia, delicensing of industrial capacity, liberalization of foreign trade regime to provide better access to inputs at competitive prices, rationalization and reduction in duty rates of customs and central excise, better infrastructure support, and liberal FDI regime, etc.